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cc:

Subject: Wetland Mitigation Bank Pre-Application Meeting Minutes 3/9/04

Thank you all for attending the Wetland Mitigation Bank Pre-Application Meeting
held on March 9, 2004 at the Mat-Su Borough offices.

Attached are the meeting minutes.

Kevin

Kevin F Noon PhD PWS
President
Critical Habitats Inc
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FINAL 3-9-04 Mtng Minutes.do

6/25/04 LIL SYLVY LYPIA, MSB, 745-7894 & inquire re:
STATUS, LILCB

Sign-In

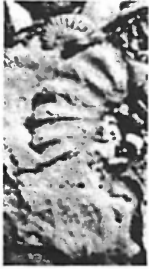
3/9/04

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Jake - critical habitat - 271-1711

Kevin Noon - critical habitat - 542-2152

critical habitat presented overview including areas (300,000 acres±) that had been considered for inclusion in BNAK. presented preliminary functional value assessment & recommended priority areas. Input from resource agencies focused on NSB core area, Big Lake watershed, & Fort MacKenzie. critical habitat to take input REAGS255, further refine priority list, prepare justification for preservation & start working on prospectus. That meeting End of April, 1st of May



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Wetland Mitigation Bank Pre-Application Meeting

Held on March 9, 2004 in the Mat-Su Borough Planning Department Conference Room.

Attendees

Steve Cypra, Mat-Su

Sue Magee, DNR

John DeLapp, USFWS

Larry Peltz, NMFS

Vandi Leheny, Corps

Skip Joy, Corps

Phil Brna, USFWS

Steve Duncan, EPA

Matt LaCroix, DNR

Jerome Ryan, Critical Habitats Inc.

Kevin Noon, Critical Habitats Inc.

James Hodge, Critical Habitats Inc.

Summary

We eliminated 13 of the 16 groups of Borough land holdings as less appropriate as potential wetland mitigation bank sites. Three groups of land holdings contain large wetland areas with functional values significant to the health of several watersheds. The land holdings were also selected because of the potential threat to the loss of their functional value from near-term development.

The general consensus is that Critical Habitats begin a two prong process of investigating, in parallel, the feasibility of creating preservation banking sites on both:

- Private lands that would be acquired either through land swaps, donations and/or direct purchases in the "Wasilla region corps development zone" because these wetlands are under immediate threat of development. However, because this process could take years to accomplish that we also move forward on creating banks on:
- Borough land holdings, adjacent to the corps development zone, in areas where large scale development is a couple of years away so that we do not miss the opportunity to provide compensation opportunity for near-term 404 permit recipients, and to preempt development impacts by preserving prime wetlands.

Deliverables for the Next MBRT Meeting

The group expects to get from Critical Habitats:

- Site specific areas that would be ecologically the best targets for banks, and a prioritization of the sites, within the Wasilla region corps development zone
- Site specific areas that would be ecologically the best targets for banks, and a prioritization of the sites, within the near-term development areas adjacent to the corps development zone
- Thesis on why preservation is the most appropriate type of banking for the Anchorage/Mat-Su Borough region (for use by MBRT members in discussions with others)
- Wetland Mitigation Bank Prospectus, written using Corps content guidelines which will include a discussion of the proposed service area, proposed bank credit value per acre, and a functional assessment evaluation technique appropriate to evaluating banked credit value and for evaluating the value of credit lost at the debtor's impact site. (An MBRT member stated that the method must be simple so that debtors can use it to evaluate their site impacts, determine credit value, and so that the public will understand.)

Meeting Discussion Notes

The watersheds within the existing corps development area are the key areas of interest to some MBRT members because of their imminent development pressure

Investigate the feasibility of creating a bank by consolidating the remaining wetlands within the existing corps development area

Identify the best bank sites within the near-term development zone immediately adjacent the existing corps development area

The Fish Creek area has long-term potential for establishing a bank site, however the fisheries function does not prioritize the watershed, the creek has few salmon, the pike have devastated the run

An "umbrella" type of banking instrument is needed so that the creation of the banks can be done within a "fluid and dynamic" structure. This type of mitigation banking instrument would allow for flexibility in choosing the most appropriate bank sites over time. Critical Habitats will likely propose two bank sites for immediate certification and propose a series of bank sites for certification over an agreed upon time frame. Over time, credit demand will dictate approval of each consecutive bank. The MBRT will have the flexibility to pick and choose the most appropriate bank site at that time.

A primary concern is accountability for use of compensatory credit funds. Since this banking program is not being set up as an in-lieu fee bank, there will be no accountability problems. The bank will be awarded (by the MBRT) a certain number of credits to trade and sell to debtors. The bank area will be secured before the debtors are permitted to impact wetlands, and before impact credits are traded. Credit accounting records will be kept on every transaction, made available to the MBRT on request, and a summary of transactions will be distributed to the MBRT annually.

An MBRT member suggested that the bank sponsors adopt and manage (as part of a bank plan) mitigations resulting from individual permittee compensations. Since the sites that would be adopted in perpetuity by the bank sponsor will be designed or restored by others (i.e., the sponsors will have no say in their selection, creation, quality, or long-term stability) then the bank sponsors may have to charge the permittees significant management fees.

Some "out-of-kind" trading may be necessary or appropriate and would be approved by the MBRT on a case-by-case basis.

An MBRT member asked if the existence of a bank would increase development. Other MBRT members explained that the existence of a bank would not increase development. The sequencing process (avoidance, minimization, then compensation) required during 404 permit evaluation remains consistent regardless of the availability a bank or not. The existence of a bank does not influence, in any way, the permit decision-making process. The bank is just another type of compensatory mitigation option available to permittees (that need to satisfy their obligation to compensate for permitted impacts) after they have been granted a permit.

Adjustments to the Variables Used in the Evaluation Matrix

The "threat of development" column on the matrix should move from 6 to 10 points in terms of weighting.

That "anadromous fish", value weighting should be lowered because salmonid habitat is already very protected. There was little discussion of how development impacts to the wetlands contiguous to the populated rivers would affect functional value.

In future evaluations add in recreation use, adjacent/contiguous land uses (both adverse, such as developed, or positive, such as parks or preserved areas), Bald Eagle habitat.

Buffer zone functional value is recognized nationally, the total wetland functioning areas with a reasonable amount of buffer (uplands and riparian zones, as approved by the MBRT) should get full credit value.

Alaska Meeting Notes from Tuesday March 9th 2004 in Palmer

Executive Summary:

The general consensus is that Critical Habitats begin a two prong process of investigating in parallel the feasibility of creating preservation banking sites on both:

- Private lands that would be acquired either through land swaps, donations and/or direct purchases in the area of Big Lake/Meadow Creek, because these land are under imminent threat of development. However, because it has been the reality that this process could take years to accomplish that we also move forward on creating banks on:
- Public lands, or Borough land holdings, in areas where large scale development is only a couple of years away so that we do not miss the opportunity to put into place preservation banks, and also to allow for appropriate compensatory mitigation while we attempt the more arduous task of creating preservation banks on private lands.

Deliverables:

- That going forward the group expects to get from Critical Habitats:
 - Those site specific area that would be good targets for specific banks and a prioritization of the sites
 - Justification for the preservation concept, so that the group members can use this to educate their associates
 - Jurisdictional, basis for ecological determination used and a delineation of the wetlands in the private lands area
 - Investigate the private areas that are under immediate threat
 - Rough draft of the prospectus, umbrella agreement

Discussion of Key Areas of Interest for Creation of Preservation Banks:

- The Big Lake Watershed is the key area of interest because of imminent development pressure:
 - Needs to see listing of land holdings in that region
 - Would like parallel path of investigation between private holdings and public holdings
 - In terms of private holdings look to Meadow Health Land Trust, they have several hundred acres
- That the Fish Creek area is a good long term goal, but that right now it is not a focus as they have no salmon anymore, the pike have killed them off
- That Port Mckenzie is a viable option also (Skip) as there is a potential for development
- That in terms of a listing of the top sites from the groups point of view are:
 - Big Lake area, the private lands area where there are few Borough land holdings
 - Big Lake West
 - Big Lake South/Goose Creek

- Fish Creek West / Port Mckenzie
- Cottonwood Creek / Wasilla
- Or as restated later in the meeting after additional discussions, areas of priority are:
 - Meadow Creek
 - Lower or Little Meadow Creek
 - Lucille Creek
 - Fish and 3 Mile Creeks
- But that all this also depends on the path of future development

Additional Important Discussion Points:

- That an “umbrella agreement” is needed so that areas can be brought under the agreement in a dynamic way; that a “fluid and dynamic” structure needs to be put into place so that future changes can be handled in a timely and appropriate manner
- A main issue would be accountability, that the group had issues with the Great Land Trust, and that the banking agreement/instrument with the Corps would be the key to this
- Also the group would like to see mechanism for the management of other properties that may be donated to the Borough/Agencies, because right now they do not have any ability to take on these properties
- The concept of a public/private partnership in terms of trying to have the Borough trade and seek properties is a nightmare and the details always get in the way
 - That to mitigate for this a corporate structure outside of the confines of the Boroughs, may help to facilitate this
- That in terms the ratio used for preservation banking be prepared for 10 to 1, that it will not be 1 to 1, and that 15 to 1 is actually the National policy from the Corp
 - But that this would depend greatly on the issue of likelihood of imminent development, and would likely drop in areas of imminent development

Adjustments to the Matrix:

- That the “threat of development” column on the matrix should move from 6 to 10 points in terms of weighting
- That “anadromas fish”, (salmon) should move down in importance because it is already very protected
- Add in these factors:
 - Access for recreational use
 - Use indicators
 - Adjacent/contiguous lands, parks, should get higher
 - Bald eagle habitat
 - Areas surround by development/buffer zones
 - That we should get full credit for the banks total area and not lower for buffer zones (both Skip and Steve agreed to this)

Other points of interest:

- HGM method, the EPA and Corp leaning towards this as way of determining the ecological value
 - That although they would like to really have a way of determining the functional value, they also understand that it would be far too difficult and that they want the public to be able to understand this
- Subtle “out of kind” trading is fine
- Possible funding source for in-depth study of private land holdings that would be good banking targets:
 - The Feds have grants for feasibility studies for private land owners and species of special concern
 - This would have to be done through the Borough as we can not get the funding directly as a private firm
 - That this would also get us better access and responsiveness from the agencies that we were requesting information from
- Also look to preserve protect the uplands/buffers/riparian zones, and receive credits for this preservation